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# CASH REBUILD

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# Purpose

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- To realign Navy Industrial Fund activity cash balances to accurately reflect Fund Balance with Treasury as an asset from December 1994 to the present.



# History of Cash

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- 1991 - December 1994
  - ◆ Control of Cash is held at OSD level. NWCF activities closed current year collections and disbursements to equity, Navy GLA 2961, Net Treasury Balance-DBOF, at fiscal year end, in effect, transferring cash to OSD at fiscal year end.
- December 1994
  - ◆ OSD decentralizes cash. Control is passed back to the individual services. Navy is allocated \$442M for the NWCF.



# History of Cash

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- December 1994 - 1996
  - ◆ NWCF activities continue to close out cash at fiscal year end to Navy GLA 2961.
- 1997 - Present
  - ◆ At fiscal year end, year to date collections are closed out to asset account, Navy GLA 1170, Funds with Treasury - Collections. Year to date disbursements are closed out to Navy GLA 1180, Funds with Treasury - Disbursements.



# Problem/Solution

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- Fund Balance with Treasury (12/94-Present) not accurately reflected on financial statements
- FY 1991-96 activity Collections and Disbursements reflected in GLA 2961
- FY 1997-00 Collections and Disbursement per Activity Control Ledger reflected in GLA 1170 & 1180
- AR(M) 1307 Line 1, Fund Balance with Treasury, consists of GLA(s) 1170-1180 plus current year collections and disbursements.
- Solution = Rebaseline Cash



# Step 1

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- Analysis of Cash
  - ◆ DFAS-CL conducted a detailed analysis of cash for each NWCF activity.
    - ✦ Amounts reported at year end for collections and disbursements were compiled for fiscal years 95-96
    - ✦ Activity reported amounts were compared to amounts reported on the Activity Control Ledger (Treasury)
    - ✦ Cash transfers were identified
    - ✦ General Ledger entries were developed for each Navy Industrial Fund activity



# Step 1

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- Accounting Entries

- ◆ The accounting entries developed for each NWCF activity removed collections and disbursements previously closed to GLA 2961 for the period of December 1994 - September 1996 and reclassified these amounts to GLA(s) 1170 and 1180.
- ◆ Any known transfers residing in GLA(s) 1170, 1180 or 2961 were reclassified to GLA 1190, Funds with Treasury-Cash Transfers.



# Step 2

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- Execution of Accounting Entries
  - ◆ DFAS-CL memorandum, dated February 2, 2001, directed OPLOCs to execute accounting entries effective for the January reporting month
  - ◆ All entries executed except: NWS Seal Beach, FMSSO, NCTC, NSWC Indian Head, NSWC Port Hueneme, Naval Shipyards (except NSY Pearl Harbor)
  - ◆ Remaining entries will be executed in February





# Step 3

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- Liquidation of Navy GLA 2961 Balance
  - ◆ The balance remaining in GLA 2961 will be zeroed out with an offset to Undistributed Collections/Disbursements



# Step 4

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- \$442M Allocation
  - ◆ Allocate \$442M Navy received from OSD to individual activities?



# Results of Cash Rebuild

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- Activity Cash (December 1994-Present) will be accurately reflected in current and prior year collection and disbursement accounts on activity general ledgers.
- Current and prior year cash at the departmental level will match the Cash Balance reported on the Activity Control Ledger after adjustment for unmatched collections and disbursements.
- Overall cash will be reported in the appropriate asset accounts instead of equity.

